

**Paper
to
The
Queensland Housing Summit**



Tenants Queensland

October 2022

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1. Introduction

Tenants Queensland (TQ) congratulates the Queensland Premier for hosting the Housing Summit in response to the growing housing problems in Queensland. These problems are particularly impacting renting households across the state and TQ thanks the Premier for the opportunity for TQ to directly participate in the Summit.

2. About Tenants Queensland

Tenants Queensland (TQ) is a statewide community and legal service providing free tenant advisory services for residential tenants. TQ aims to protect and improve the rights of all people who rent their home in Queensland. This includes renters in private rental and social housing as well as those in more marginal tenures such as caravan parks and boarding houses.

TQ is the manager and lead provider of the Queensland Statewide Tenant's Advice and Referral Service (QSTARS) program. QSTARS provides quality, free, independent advisory services to tenants across Queensland. Through QSTARS and our Community Legal Centre's Program work, TQ assists renters to understand and exercise their legislative rights and responsibilities, and ultimately to manage and sustain their tenancies.

TQ operates a range of other projects. Our Domestic and Family Violence Sector Capacity Building Project supports DFV workers when working with clients with renting issues. Our Financial Counselling Project recently commenced to provide additional support for renters, particularly those whose financial situation was impacted by COVID -19.

3. Summary of key recommendations

TQ offers the following items for consideration at the housing summit.

Key recommendations:

1. Immediately limit rent increases to CPI unless there is a good reason and prohibit any practice where a landlord or agent solicits or invites any offer of an amount of rent that is higher than the advertised price.
2. Remove the end of a fixed term as a reason to end a tenancy
3. Better bond return processes to support struggling renters
4. Introduce a registration/licensing system for Queensland landlords of both short- and long-term rental accommodation to increase transparency and professionalism in the market and improve information about the use and changes in the use of use of current stock.
5. Introduce a Bond Exit Survey for both parties to provide greater insight into why tenancies end and the rental price at the end of tenancies.
6. Immediately commence the promised Stage Two tenancy law reform process to provide greater stability, support people with disability and improve standards in the private rental market.
7. Better understand the use of current privately held stock through research and a registration/licensing scheme for landlords of short- and long-term accommodation lettings.
8. Increase affordable stock. Additional dollar for dollar investments provided through multilateral agreements with states and territories to enable the delivery of 25,000 social and affordable housing properties per year.

4. Current experiences of renters

On a daily basis TQ speaks to hundreds of renting households across the state, many of which are currently feeling the dire impacts of Queensland's housing crisis. Whilst the issues for renters varies, many households are currently struggling with large rent increases. In the lead up to changes to tenancy laws commencing October 1, 2022, many rent increases were delivered in an offer of a new tenancy agreement along with a Notice to Leave with no grounds, leaving the tenant to take or leave the offer.

Under the new laws, renters have been seeking our advice after receiving a new tenancy agreement and at the same time a Notice to Leave for the end of the new term. This is the recommended best practice according to the Industry peak body, the Real Estate Institute of Queensland. We comment on this further below.

Others seeking our service contact us because they are being forced out of their rented home and are unable to find another appropriate property in the required timeline.

Households are incredibly stressed as they deal with record low vacancy rates occurring throughout the state, along with spiralling rents. Our clients are reporting having to make multiple applications for properties and compete with scores of others at inspections (if the property has not been rented before they get there). Prospective tenants are providing a great deal and range of sensitive personal information to a plethora of landlords, agents and third-party platforms without being a successful applicant and sometimes not even getting to view the premises.

It is clear there is no one solutions to the range of issues arising in our housing system. The ownership of residential property is increasingly the source of a wealth divide in our community where some people own multiple properties and other cannot access a rented home. COVID-19 taught us that our housing problems are solvable. Solutions need to come from all levels of government, across government and from every stakeholder and interest group.

5. TENANCY LAW REFORMS

Strong tenancy laws are an important part of a healthy housing system and can protect renting households from arbitrary evictions, mitigate unaffordable rents and support renters in exercising their rights which are otherwise undermined by weak laws. Compared to other countries, Queensland (as well as other Australian jurisdictions) have relatively weak tenancy laws¹.

5.1. Limit Rent Increases

As noted above, TQ hears from many tenants about large and unaffordable rent increases. On average rental prices are increasing at over three times the rate of inflation – an average of \$104 per week. This is not sustainable and is forcing many tenants to either bear the costs of moving (often struggling to find an appropriate property having taken that decision) or accepting the increase and struggling to pay other living expenses after meeting their rent commitment.

TQ disagrees with recent commentary that landlord input costs (such as the now scrapped Queensland government changes to land tax) are driving rents up. Rents are being set by the market conditions, facilitated by low vacancy rates and a tight market with no limits on increases.

¹ Martin, C., Hulse, K., and Pawson, H. (2018) *The changing institutions of private rental housing: an international review*, AHURI Final Report No. 292, Australian Housing and Urban Research Institute Limited, Melbourne.

Increases are opportunistic and unreasonable. An example can be found at *Attachment One*, a copy of an email sent by a Brisbane rental agent encouraging landlords to increase rent by 20% in December tenancy renewals. TQ sees this on a daily basis. In one day recently, we heard from two different renting households, both renting long term from their landlords. One household received a \$170/week rent increase, the other a \$120/week increase. One chose to leave as they could not afford to pay, the other is choosing to stay, hopeful they can sustain the cost.

TQ is calling for rent rises to be restricted to once per annum and for the consumer price index (CPI) to be used as a guide for reasonable rent increase. Increases above should have a justifiable reason such as improved amenity for example, major maintenance or replacement of a bathroom or kitchen.

In addition, our laws should prohibit any practice where a landlord or agent solicits or invites any offer of an amount of rent that is higher than the advertised amount for rent.

5.2. Remove 'End of a Fixed Term' a reason to end tenancies

TQ calls for the removal of the '*End of a Fixed Term*' as a reason to end a tenancy (or limit its use to the end of the first term of a tenancy as the state of Victoria has). This ground is a no ground termination notice with a different name. Its inclusion following the Stage One tenancy law reforms has resulted in the Real Estate Institution of Queensland (REIQ) [calling on its members](#) and supporters to "issue a Notice to Leave for the End of Fixed Term agreement at the same time as issuing the (new) agreement."

[The REIQ have called this best practice](#). If followed, it leads to all Queensland renting households living under an active Notice to Leave for the entirety of their tenancy, increasing the level of distress and fear of eviction already apparent. This scenario does not provide renters with the sense of stability they need. It undermines and limits their willingness to add value to their homes, like looking after gardens, and undertaking minor repairs etc, because of the insecurity they feel in the current agreement.

5.3. Better bond return processes to support struggling renters

With spiralling rents, Queensland tenants have thousands of their own dollars caught up in a rental bond. When a tenant is moving between properties, they may have to pay a new bond (along with two weeks' rent in advance) before receiving the bond back from their previous property. This comes at a financially difficult time for renters, with a recent report from the Tenants' Union of NSW estimating that moving house costs renters \$4,000 on average².

Currently, a tenant can transfer a bond from one property to another, but only if there is no dispute about the bond at the end of the tenancy. TQ proposes that Queensland allow the provisional transfer (or certificate) of the bond to a new property once the Notice to Leave or Notice of Intention to Leave has ended (and whether or not a dispute arises). This proposal would allow the provisional transfer of bond whilst a dispute is resolved.

This lessor of the new property would have a provisional certificate for the bond for a period of time at the commencement of the new tenancy, until the dispute on the previous bond is finalised. There is limited risk of a new tenancy ending in the first few weeks, and therefore limited risk if the bond is held as a certificate for that period rather than as cash.

A tenant would be required to pay any amount of bond required for the new premises that is above the amount of bond on the previous premises. For example, if the bond for previous premises was \$1200 and the new \$1400, the tenant pays the additional \$200 within the current requirements. Following settlement of the disputed bond, bond returned to the tenant is credited to the new agent/landlord's account to fulfil the provisional certificate.

² Tenants' Union of New South Wales (2022), *Eviction, Hardship, and the Housing Crisis*

If the previous agent/landlord is awarded monies in settlement of the bond dispute, the bond is used to pay that amount to the previous lessor, with the tenant required to pay that amount in bond for the new premises over a prescribed period. If the tenant does not add the shortfall within the timeframe, this becomes a breach of the agreement for non-payment of bond does.

In support of this suggestion, the RTA's 2017/18 Annual Report shows that in 50% of cases they pay the full bond out to the bond contributor/s (the tenant). In over 70% of cases, they pay 50% or more of the bond back to the bond contributor.

5.4. A Bond Exit Survey

Understanding why tenancies end will help make policy decisions that bring greater stability and satisfaction to renters and landlords alike. Currently however, insights and evidence are extremely limited. TQ proposes the introduction of a Bond Exit Survey, administered by the Residential Tenancies Authority (RTA), to better understand the experiences of renters, lessors and agents.

The survey would be voluntary and simple, issued to both parties to the bond when a claim is initiated through the RTA.

The survey could encompass three simple questions, including one which draws out the rent at the end of the tenancy. This would expand our knowledge of rent entry costs (on bond lodgement) to include rent exit costs on bond claim. The questions would include how and why the tenancy was ended, and what the weekly rent was at the end of the tenancy.

The results would be correlated.

5.5. Tenancy law reforms – Stage Two

The Queensland government has promised a second stage of tenancy law. These should be commenced immediately.

TQ is part of an alliance of community organisations calling for improved tenancy laws in the state. Under the Make Renting Fair in Queensland campaign, the Alliance is calling for the following changed during Stage Two of the reforms (see more details in Attachment Two):

- Limit rent increases
- Make bond returns fair (see below also)
- Introduce fairer contract terms
- Allow you to make your home accessible, safer and healthier
- Allow you to make your home your own
- Protect your privacy
- Ensure you are treated with respect

6. SHINING A LIGHT INTO THE MARKET

6.1. Better understand and better use of current stock

Research

Much public narrative (quite reasonably) centres on the need for more housing stock. Whilst clearly there is a need, in particular for additional affordable stock such as social and affordable housing, TQ also argues the need to better understand how stock is currently being used.

According to Dr Joe Collins, there is already enough housing in Australia for everyone to be housed. *“If we wanted to, we could house every single person who required housing tomorrow. That’s not billeting a room to someone you don’t want living in your house, that’s just taking the places where nobody lives at the moment and place people in there. And that would mean no more housing crisis.”*³

Deepening our understanding of the use and ownership of residential property in Queensland will support effective policy decisions focussed on housing all Queensland households. It will help us to understand if Dr Collins is correct.

The Queensland Government should consolidate information about who owns the stock, where they live and how many properties they own. Where there are gaps in knowledge, further research should be undertaken.

Following COVID-19, Australia has experienced a domestic tourism boom. The extent of the impact on the rental market is unknown. However, with opportunities for greater returns, it is likely stock has transferred from the long-term market to the short-term market. The impact may be seasonal or on-going, and may affect owner-occupation, tourism or second homes. The Queensland Government should also research the impact of short-term accommodation lettings (e.g., Airbnb) on the long-term rental market.

Understanding if and what the impacts are, will inform policy responses and provide options for government to encourage desired behaviours. The Noosa Shire Council has recently drafted a housing plan. In doing so, it investigated the impact of Airbnb in the council area and found the majority of owners of properties let out as short-term lettings were not owned by people who lived within the council area. These types of insights (statewide) are important for governments in making policy decisions.

Once it understands the impact of short-term lettings, the state government could *disincentivise the use of stock for short term lettings*. One option is to follow the lead of NSW and Tasmania which have used planning legislation, providing a statewide mechanism which can be modified in different regions, to regulate the short-term lettings.

In a similar way, the government could consider *a vacancy tax* for properties which are left empty.

A Register of Landlords

TQ proposes the state government implement of *a simple register of landlords* for both short- and long-term rentals. [A register, similar to Scotland](#), would provide on-going transparency about how rental stock in Queensland is being used and provide important insights into Queensland investors and their behaviour. For example, what is the transition of properties between short or long-term rental accommodation, and how long does stock remain in the market, does it return over time etc.

The public register would also identify any outstanding compliance issues with a property, including outstanding Repair Orders, introduced recently under Stage One tenancy law reforms.

Given the number of small holding landlords, a register could lift the professionalism and standard of Queensland landlords, not just through a fit and proper person test, but by requiring engagement with landlord training and education on entry and at intervals.

³ Quoted by Joe Collins, Lecturer in the Faculty of Arts and Social Sciences, University of Sydney, Radio National, The Philosopher’s Zone Housing part 2,

A register would provide the ability for the state government to communicate directly with landlords, something which it cannot do now, with the vast majority of bonds held by the Residential Tenancies Authority held in the name of the real estate agency. Direct contact would support education by government on new laws and emerging issues. It would have been of great benefit to the landlords during COVID-19, when government introduced a raft of interventions, including land tax exemptions and grants, as well as tenancy law changes.

A register could be self-funded (through a modest registration fee) and deliver a mechanism to ensure minimum legal and risk management requirements are undertaken. Queensland already requires registration of Residential Services. This simple licensing scheme would extend this requirement. Other examples include NSW's register of short-term lettings.

6.2. Work with other States and Territories

TQ considers it time to re-consider national standards for aspects of tenancy law to bring back general consistency across jurisdictions. We advocate that the Queensland Government work with other states and territories to establish a national tenancy law reform agenda, centred on housing rights and stabilising homes for renting Queenslanders (and others across Australia). Such standards could include many aspects advocated at the state level, such as protections against arbitrary evictions, rent costs and increases, privacy, energy efficiency and housing standards.

7. Increasing housing supply

TQ supports the position put by QCOS to *expand the Housing Investment Fund* by facilitating the commencement of an additional 3,600 social housing dwellings per \$1 billion invested. In addition, we support their proposal for the repair and use of empty houses owned by Aboriginal and Torres Strait Islander community housing providers to increase the number of dwellings available for Aboriginal and Torres Strait Islander tenants.

7.1. Across government solution

The Premier should set up a taskforce across government to bring across government solutions to the housing crisis, ensuring all portfolios focus on the issue of increasing availability of existing stock and use of assets to develop new.

7.2. Commonwealth government

The Commonwealth Government has an important role to play in delivering social housing. The Queensland government should advocate for:

- Additional dollar for dollar investments provided through multilateral agreements with states and territories to enable the delivery of 25,000 social and affordable housing properties per year. The Commonwealth and Queensland governments should take immediate and urgent steps in this regard.
- An increase to Commonwealth Rent Assistance by at least 50 per cent
- Reduce speculation in the housing market. First home buyers are being priced out of the market by property investors meaning that renters must rent for longer and compete in a highly competitive market. According to the Australia Institute, capital gains tax and negative gearing are “distorting the Australian residential property market, encouraging speculative behaviour and being used by predominantly high-income households as a tax shelter.”

- **Attachment One**

The following is an email sent to landlords by a Brisbane property manager on Thursday October 13. For the sake of this submission, we have deleted the details of the agent and recipient but can supply a copy if required.

Hi

Has your property manager reviewed your market rent at your most recent lease renewal?

We are finding that many landlords are not being provided with the information to make an informed decision for their rent increases in recent months, instead being advised to sign long term leases with only \$5 to \$20p.w increases in rent.

\$5 to \$20 p.w may be market rent, **but what if it is not?** Our property managers have been reviewing all our lease renewals and on average recommending a 17% rent increase on the leases renewed in October & November this year. As we are planning December lease renewals, the average lease renewal recommendation is above 20%. This can be as much as \$10,000 per year in additional rental income.

Interestingly most tenants are agreeable to the rent increase as when they look at what is available in the market for rent, they understand the rent is fair & reasonable.

What is your apartment renting for?

On average apartments in West End/Highgate Hill/South Brisbane/BrisbaneCBD are renting for:

- One Bedroom | \$480 - \$520+ p.w.
- Two Bedrooms | 675 - \$850 + p.w.

if you are not achieving these rents (at a minimum), you should be asking why?

Do not renew your lease without first taking to Cavell Cooper, Rent Specialist at Ray White West End to ensure you receive the best rent in the market, paid by the best tenant.

- **Attachment Two**

The following is the list of tenancy law reforms being called for by the Make Renting Fair in Queensland Alliance.

LIMIT RENT INCREASES

**Your landlord must have a good reason to increase your rent above inflation.
Your rent can only be increased once a year**

We are seeing unreasonable rent increases occurring across Queensland. Rental prices are increasing at over three times the rate of inflation – an average of \$104 per week. This is unsustainable.

If your landlord wants to increase your rent by more than 10% above the rate of inflation, there should be a good reason for it.

Good reasons include improvements to your home, such as improvements to the kitchen or bathroom that improve the quality of the property and your experience as a tenant.

However, if the increase is unreasonable, opportunistic, or akin to price gouging, this is unacceptable.

We're calling for rent rises to be restricted to once per annum and for the consumer price index (CPI) to be used as a guide for reasonable rent increase.

In addition, our laws should prohibit any practice where a landlord or agent solicits or invites any offer of an amount of rent that is higher than the advertised amount for rent.

MAKE BOND RETURNS FAIR

Your bond should be automatically returned unless the landlord or agent provides evidence of the expenses they claim are owed

Right now, it is a race between tenants and landlords to make the first claim on the bond at the end of a tenancy. This isn't fair.

Your bond is *your* money, held by the government until your tenancy ends.

If your landlord thinks some of your bond should be awarded to them, they should have to make a claim, with evidence, otherwise, it should be automatically returned to you.

FAIRER CONTRACT TERMS

**Prohibit terms in rental agreements that are one-sided and cause detriment to renters
Empower you to take action when a contract is not fair**

Your rental agreement should not reduce your rights, or place unreasonable responsibilities on you. Unfortunately, some landlords and agents include unacceptable requirements in rental agreements, leaving renters with no choice but to agree.

Renters can be forced to take out specific insurances or be forced to indemnify the landlord – both of which are outside their responsibility as a tenant.

As a renter, you should be protected from these unfair contracts. That's why we want to see unfair contract terms prohibited, and, when they appear in agreements, there needs to be a fair, practical way to have them removed by using the usual dispute channels.

YOUR HOME ACCESSIBLE, SAFER AND HEALTHIER

**Allow you to make minor modifications to improve safety and disability accessibility.
Require pre-disclosure of information about safety risks in your home, such as asbestos or flood risk, and crimes that have occurred at the premises.**

Your home needs to meet your needs so you can live safely and independently.

One in twenty renters in Queensland live with a disability. It is only fair that Queenslanders with a disability can make minor modifications like lowering locks on windows, installing railing in the bathroom, or emplacing temporary ramps so ensure all parts of the property are accessible.

Similarly, many Queenslanders are cautious about their personal safety, especially survivors of domestic and family violence. Adjustments such as installing security cameras or screens on doors and windows are reasonable, and essential.

Other examples of reasonable safety adjustments include securing furniture against a wall.

Additionally, you deserve to know (before being bound to a tenancy contract) about safety risks at the property, such as asbestos or flood risk, and crimes that have occurred at the premises.

MAKE YOUR HOME YOUR OWN

Allow you to make the place your home, with minor modifications like hanging pictures on the wall or creating a garden, by providing notice to the landlord or agent.

For a growing number of Queenslanders, renting is no longer a temporary option; it is a long-term necessity. Almost half the rental homes in Queensland are homes for children, and a growing number of older Queenslanders are renting.

People are not just renting a house – they are renting a home.

We need to be able to create homes for ourselves – hang pictures on the wall, decorate a room or make a garden – without unreasonable interference. Renters should be able to make these minor changes, following a notice to the agent or landlord.

Reasonably, renters would remain responsible to return the property in the same condition at the end of the tenancy.

PROTECT YOUR PRIVACY

**Increase all 24-hour entry notice periods to 48 hours
Limit questions on rental applications to those that are relevant to your household's ability to maintain a property and pay rent
Ensure your personal information is protected when landlords and agents use third-party platforms**

Whether it is for non-urgent repairs, a property valuation, or an inspection, it is only right that you receive adequate notice that someone will be entering your home.

To provide a reasonable notice time before an entry is made, we're calling for an increase in the required notice period from 24 hours to 48 hours.

The information required on your rental application should reflect what is reasonably required to assess your proof of income and rental history. Unfortunately, some agents request unreasonable amounts of information, such as a full bank statements with day-to-day transactions, bond claims history, and details of previous tenancy disputes (even when the tenant was in the right).

This information is unnecessary when assessing a tenancy application and should be prohibited from the application process.

Technology plays an important role in all businesses. However, it should never be used at the cost of your privacy. Real estate agents are increasingly forcing renters to apply for a property, or during a tenancy using third-party platforms, collecting a great deal of personal data. Renters have no real ability to challenge privacy terms without fear of rejection or eviction. As a result, many renters release sensitive personal information, which often ends up on multiple databases, sometimes without even securing a tenancy or a viewing.

We're calling on the government to improve privacy protections for renters and prospective renters by reviewing the use, disclosure and storage of personal information in the industry and improve privacy protections for renters.

ENSURE YOU ARE TREATED WITH RESPECT

Introduce a code of conduct and industry standards for landlords and agents
Increased training for residential property managers

We need shared standards and expectations around industry behaviour.

To increase accountability amongst landlords and agents we are calling for improved training in property management, as well as a code of conduct for the industry. This would set standards and expectations and provide renters with an avenue to challenge poor practice.

We are also calling for a register of landlords, for both short and long-term rentals to improve transparency and accountability. Such a register would be consistent with current requirements for rooming accommodation providers. A register would also provide surety that landlords and agents have undertaken training and are positioned to manage properties compliantly.